

SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

470



FROM: Human Resources Dept.

SUBMITTAL DATE:
February 8, 2007

SUBJECT: First Amendment to Administrative Services Agreement for the Healthy Lifestyle Rewards Program for Non-Blue Shield Members

RECOMMENDED MOTION: 1) Approve and ratify the First Amendment to the Administrative Services Agreement for employees and retirees who are enrolled in all other County medical plans and employees who currently waive medical coverage with the County, effective January 1 through December 31, 2007; 2) authorize the Chairperson to sign four (4) copies of the Amendment, and; 3) retain one (1) copy and return three (3) copies to Human Resources for distribution.

BACKGROUND: On February 28, 2006, Agenda No. 3.26, the Board approved the Administrative Services Agreement with Blue Shield to allow County employees who were not enrolled in a Blue Shield plan to participate in the Healthy Lifestyle Rewards Program. This amendment renews this program for the 2007 calendar year. Blue Shield continues to collaborate with the County to support wellness incentives to help the County reduce absenteeism and to improve employee overall health status.

Ronald W. Komers
Asst. County Executive Officer/Human Resources Dir.

FINANCIAL
DATA

Current F.Y. Total Cost: \$ 196,055
Current F.Y. Net County Cost: \$ 0
Annual Net County Cost: \$ 0

In Current Year Budget: Yes
Budget Adjustment: No
For Fiscal Year: 2006/2007

SOURCE OF FUNDS: Occupational Health and Wellness Fund and Exclusive Care Fund

Positions To Be Deleted Per A-30 ☐
Requires 4/5 Vote ☐

C.E.O. RECOMMENDATION:

APPROVE

County Executive Office Signature

Debra Counger

Dept't Recomm.: ☐ Consent ☒ Policy
Per Exec. Ofc.: ☐ Consent ☒ Policy

5001 FEB 8 2007

Prev. Agn. Ref.: 3.26 February 28, 06

District:

Agenda Number:

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ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

3.50

Healthy Lifestyle Rewards is an online program that supports, motivates and, ultimately, provides cash rewards to subscribers who participate in wellness activities designed to improve an individual's health and wellness.

In general, wellness programs like Healthy Lifestyle Rewards reduce health care costs by encouraging healthy lifestyle choices. The Employee Benefits Institute of America (EBIA) estimates that for every dollar spent on a wellness program there is a reduction of three to six dollars spent in health care costs. Wellness programs typically provide Return on Investment (ROI) in excess of 300%. An example of potential health care costs associated with lifestyle choice is Type II diabetes. The Joslin Diabetes Center, an affiliate of the Harvard Medical School, estimates that 7% of the population is Type II diabetic. Annual health care costs for diabetics typically average \$13,000 compared to non-diabetic annual health care costs of \$3,000.

In addition to immediately quantifiable cost reductions, it is anticipated that the Healthy Lifestyle Rewards Program will realize a variety of spin-off benefits: greater productivity and reductions in disability and absenteeism. Healthy Lifestyle Rewards may also have positive effects on employee morale, even among non-participants. These outcomes go beyond savings in direct health care costs to provide non-health related ROI. Evidence continues to grow that wellness programs provide multi-faceted payback on investments.

The Healthy Lifestyle Rewards Program is intended to reduce modifiable risk factors that contribute to chronic disease by focusing on healthy eating, tobacco cessation, stress management and physical activity. This year a \$25 cash incentive has been added to encourage participants to complete the health risk assessment. In addition, we have extended the Healthy Lifestyle Rewards Program to include employees who currently waive County medical plans. To begin the program, individuals must register and complete the health risk assessment that establishes a baseline snapshot of health risks and helps the individual see where lifestyle improvements may be in order. The individual then selects a number of action program that appeal to them and begins participation.

To qualify for rewards, the participant must log on and track activity at least once a week for 12 weeks. The weeks need not be consecutive. Individuals will be able to earn points every week by logging on and using trackers, journals, and health information to help them meet their goals. Participants may redeem their rewards for cash or equivalent value merchandise as soon as they have earned sufficient credit. Completion of the health risk assessment is worth \$25, and participants may earn \$50 for every 12 weeks of activity tracked online with an annual maximum of \$150. Total maximum rewards redeemed by a participant will not exceed \$175.

For the calendar year ending 2006, approximately 1,500 employees participated in the Healthy Lifestyle Rewards Program, a 13% participation rate. Our experience suggests that 30% of these participants will earn a reward, and half of those earning a reward earn the maximum amount. Data provided by Blue Shield of California indicates that the participation level for the Healthy Lifestyle Rewards Program exceeds that of other comparable entities.

The cost to the County of Riverside for Blue Shield's administration is \$1.75 per member per month (no increase from last year's fee), plus the reimbursement of all cash rewards provided to the participants. These costs are only associated with the employees and retirees who are not currently enrolled in a Blue Shield medical plan. Like Blue Shield, Exclusive Care will cover the administrative cost and rewards for employees and retirees enrolled with Exclusive Care. The remaining cost for our other County plans, (Kaiser, Secure Horizons and employees who waived coverage) will be paid from the Medical Waiver Revenue collections that accumulated in the Occupational Health and Wellness Fund. Estimated cost for Fiscal Year 2006-07 is \$196,055; estimated cost for Fiscal Year 2007-08 is \$196,055, totaling \$392,110 for calendar year 2007 (Exhibit 1). Estimations are based on 2006 utilization with an adjustment to include the additional employees who waive coverage being eligible to participate this year.

Blue Shield Healthy Lifestyle Rewards Program Cost 2007

Rewards offered: \$50 per 12 weeks online activity (\$150 max) plus \$25 for HRA completion for an annual maximum total of \$175 per employee

Enter Group Size	Non-BSC rewards eligible	9852
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Administrative Cost

content plus reporting & rewards admin - pepm	\$1.75
per year	\$206,892

Non Blue Shield Subscribers as of Jan. 1, 2007	Enroll#	Fund to Pay	Admin Cost
Exclusive Care	3,774	Exclusive Care	79,254
Kaiser	3,269	Occupational Health	68,649
Pacificare	236	Occupational Health	4,956
Med Wav	2,573	Occupational Health	54,033
Sub-Total			127,638
Total	9,852		206,892

Reward Payments

Enter population counts here	Non-BSC Employees
% of population that will register	9,852
% of registered that are rewarded	40%
% of registered that complete HRA	30%
% of registered that receive \$50 (1pmnt)	50%
% of registered that receive \$100 (2pmnts)	20%
% of registered that receive \$150 (3pmnts)	30%
# of reward periods	50%
# of weeks per period	3
Reward Amount per period	12
Value of HRA Reward	\$50
	\$25

percent of all eligible who will register assumes will persist to earn a participation reward assumes will get HRA reward

Blue Shield Healthy Lifestyle Rewards Program Cost 2007

EXHIBIT 1

HLR Participation Rewards

Number of Weeks	% Rewarded	# of Rewarded	Amt rewarded	Est. Rewards
12	20%	236	\$50	\$11,822
24	30%	355	\$100	\$35,467
36	50%	591	\$150	\$88,668
Total	100%	1,182		\$135,958

HRA Completion Rewards

Number who will register	# who will receive HRA reward	# of Checks Issued (HRA and HLR)	Amt rewarded	Est. Rewards
3,941	1,970	1,970	\$25	\$49,260
Total				\$49,260

Estimated Rewards Costs

\$185,218

Non Blue Shield Subscribers as of Jan. 1, 2007	Enroll#	Fund to Pay	Rewards Paid
Exclusive Care	3,774	Exclusive Care	70,952
Kaiser	3,269	Occupational Health	61,457
Pacificare	236	Occupational Health	4,437
Med Wav	2,573	Occupational Health	48,372
Sub-Total			114,266
Total	9,852		185,218

Total Cost of HLR for Non-BSC Employees

\$392,110